Monthly Economic Monitor Ukraine

No.9 (191), September 2016

EXECUTIVE SUMMARY

HIGHLIGHT: EXPORT OF DAIRY PRODUCTS

Politics: On August 24, 2016, Ukraine celebrated 25 years of independence.

Real sector: Real GDP grew by only 0.8% yoy in the first half of the year due to transit restrictions imposed by Russia for Ukrainian goods and disruptions in logistics in Donbas.

Energy sector: Ukraine again faces challenges while preparing for the winter season.

Agriculture: Gross agricultural production in July increased by 1.1% yoy due to good crop harvest.

External sector: Current account in July was in deficit at USD 0.4 bn as compared to balanced current account in July 2015 due to higher deficit of merchandise trade.

Fiscal policy: The Government suggests improving tax administration.

Privatisation: The Government is not likely to fulfil privatisation plan this year.

Social policy: The verification of payments to IDPs is on-going.

Labour market: Average nominal wage in July grew by 22.4% yoy due to increase in minimum wage, indexation for inflation, and increase of salaries in public sectors and state administration.

Monetary policy: Headline CPI declined by 0.3% mom in August for the third month in a row.

Exchange rate: Interbank exchange rate moved to over UAH 25 per USD in the last decade of August likely due to seasonal increase in imports as well as somewhat stronger depreciation expectations.

State debt: According to the Ministry of Finance, state debt in July decreased by 0.4% in hryvnia equivalent as compared to June.

Highlight of the month: Export of dairy products

NEW MARKETS FOR UKRAINIAN DAIRY PRODUCTS

by Oleksa Stepaniuk

In July 2014, the Russian Federation banned import of milk and dairy products from Ukraine. Since the beginning of 2016, the ban was extended to imports of all Ukrainian food products. According to official Russia's position, this decision was caused by the implementation of the economic part of Association Agreement between Ukraine and the EU, in particular, the impossibility to control for country of origin. However, it was likely another instrument in the Russian hybrid war against Ukraine. Ukrainian milk producers were heavily affected by the loss of Russian market, which accounted for 55% of Ukrainian diary exports in 2013. As producers were not able to reallocate their sales, the diary production fell accordingly. Therefore, currently producers attempt to enter and compete at other markets.

There could be identified two groups of countries of possible reallocation of sales of Ukrainian dairy products The first group is comprised of "countries with not fully used potential". These are countries that already export one or several types of dairy products produced in Ukraine. At the same time these countries are large importers of other dairy products that are also produced in Ukraine, but not yet imported from it. In this case, reallocation is expected to be easier as Ukrainian exporters already have established logistic chains to these countries. Moreover, permissions necessary for importing some of the specific dairy products, e.g. butter and yoghurt, are similar if not the same.

The second group is comprised of "potential new markets". It includes countries that have higher import of dairy products from third countries and are neighbours to importers of Ukrainian dairy products. We expect that the logistic would not become a problem in this case. Besides, regulation in neighbouring countries is likely to be similar.

To narrow our analysis we selected empirical criteria for selecting countries. For the first group we selected countries that account for at least 4% of Ukrainian export of product 'A' (e.g. butter) and for at least 0.1% of world export of product 'B' (e.g. yoghurt). For the second group of countries we analysed countries that account for at least 0.1% of world import of product 'A' (e.g. butter) and are neighbouring a country that accounts for at least 4% of Ukrainian export of product 'A'. The analysis was conducted for three groups of products: milk, concentrated milk, dairy products (sour cream, yoghurt, etc.)[1].

In 2015, main markets for milk were Moldova (53.6%), Georgia (25.7%), Libya (6.0%) and Turkmenistan (4.7%). Total export of milk equalled USD 4.6 m. Markets with not fully used potential for this group of products are Vietnam, China, South Korea, and United Arab Emirates (UAE). Among these countries, three Far East countries are large importers of Ukrainian whey. At the same time, Vietnam imports 0.2% of world import of milk, shares of China and South Korea are 4.5% and 0.3%, respectively. Taking into account that 18 Ukrainian producers received the right to export dairy products to China in October 2015, possibility of differentiating dairy export to China should be considered.

Romania is a potentially new market for Ukrainian milk. It accounts for 0.8% of world import of milk and its neighbour Moldova is the largest importer of Ukrainian milk. Moroever, at the beginning of 2016, 10 Ukrainian producers received right to export dairy products to the EU.

The main importers of Ukrainian concentrated milk are Bangladesh (12%), Georgia (8.5%) and Turkmenistan (7.7%). Total export of concentrated milk in 2015 equalled USD 89 m. As these products are closely linked to the previous one, thus not surprisingly the main markets with not fully used potential are the same: Vietnam, China, South Korea, and the UAE. But the list of potential markets differs. In particular, while Nigeria imports 5.9% of Ukrainian concentrated milk its neighbours Niger, Benin and Cameroon do not import these products from Ukraine, even though they are large world importers of concentrated milk (0.2%, 0.1% and 0.2% of world import, respectively). The Ministry of Agricultural Policy and Food regularly emphasizes attractiveness of African market for Ukrainian agricultural export. Other potentially new markets for concentrated milk are Israel, Pakistan and Jordan.

Dairy products (sour cream, yoghurt, etc.) are mainly exported to Moldova (70%), Georgia (14.7%) and Azerbaijan (5.9%). Total exports in 2015 equalled USD 3.3 m. Ukraine could have started to export dairy products to Kazakhstan which is one of the main buyers of Ukrainian milk only if Russia would cancel barriers for transit of Ukrainian products. Potential new markets are such neighbours of the UAE as Omar, Qatar and Yemen.

To conclude, opening the EU and Chinese markets for Ukrainian dairy products which happened in 2015-2016 was the major victory of Ukrainian producers and Ministry of Agricultural Policy and Food (MAPF). However, as for now the possibilities offered by these markets are not fully used by Ukrainian exporters. At the same time MAPF should concentrate on opening the access to the markets of African countries, counties of Arabian Peninsula and South Asian countries.

[1] Analysis was conducted for categories 0401, 0402, 0403 (according to HS classification).

Monthly Economic Monitor Ukraine

Politics: Politics: Ukraine marks the 25th anniversary of independence

The war in Donbas. On August 24, 2016, Ukraine celebrated 25 years of independence. However, during these days the military conflict in Donbas threatened to escalate into a full-scale Russian invasion. Several weeks before Ukraine's independence anniversary, the Russian Federation captured a resident of Ukraine in the occupied Autonomous Republic of Crimea and accused Ukraine of sending a diversion group to the region. Ukraine denied the charges and said that Russia tried to create a pretext for military attack on Ukraine.

The conflict in the eastern Ukraine continued in August. 20 service members of the Ukrainian Armed Forces were killed in the war and 144 service members were wounded. At least 5 civilians were killed on the front line, including a civilian volunteer who was on a supply mission for the army. Also, at least 5 civilians were wounded. The sides reached an agreement to start a new ceasefire on September 1. However, Ukrainian army reported attacks by combined Russian-separatist forces during the first days of September. Ukrainian military spokesperson said that Russia accumulated the total of 100 000 of servicemen along the borders of Ukraine and on the occupied parts of the country. Overall, the risk of full-scale war with Russia remains high.

E-declarations. The system of electronic declarations for civil servants of Ukraine was launched with a 2-week delay that happened due to problems with data security in the required software. The online system that was planned to be started in mid-August was designed as a way to transparently publish income and assets of public sector officials. It was not launched on the due date because the system was not certified, which did not allow published declarations to be used as evidence in court. The transparent declaring of assets by public officials is seen as an important anti-corruption milestone for Ukraine, therefore, the missed deadline was met by statements of concern and criticism from Ukrainian civil society and foreign governments. The National Agency for Prevention of Corruption, which is responsible for the e-declarations, re-launched the system after making technical changes. The website went online on September 1, and the first electronic declarations were published over the following days. This opens the floor for the European parliament to take a decision on the abolishment of short-term visas for Ukrainians.

Corruption. A conflict developed between two law enforcement government agencies, the National Anti-Corruption Bureau of Ukraine (NABU) and the General Prosecutor's Office (GPO), as the PGO accused the NABU of beating the PGO employees, and the NABU made accusations of torture and illegal searches by the PGO. Civic activists protested the GPO with demands to dismiss the prosecutors suspected in torture. Several commentators described the nature of the conflict as political pressure on the NABU aimed at limiting its authority and independence. In a joined press briefing, General Prosecutor Yuriy Lutsenko and Director of the NABU Artem Sytnyk stated that the Security Service of Ukraine will investigate the conflict between the two agencies.

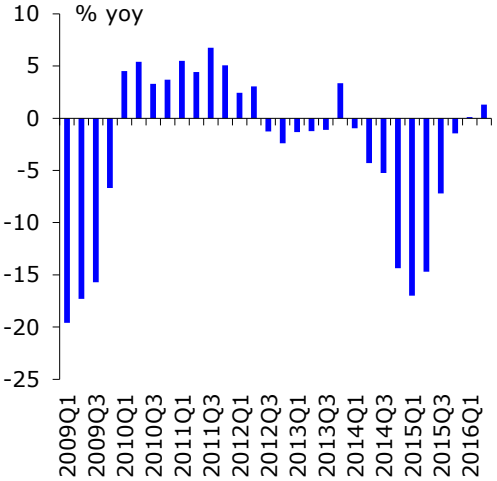
The IMF. The IMF Executive Board is expected to approve a decision on the provision of the third tranche of loan to Ukraine under the EFF (approved in 2015) on September 14, 2016. This tranche was initially planned for the end of 2015.

Real sector: Growth in investments

GDP. According to the preliminary Ukrstat estimate, real GDP in the second quarter of 2016 grew by 1.3% yoy (it increased by only 0.6% qoq in seasonally adjusted). Thus, real GDP grew by 0.8% yoy in the first half of the year. Transit restrictions imposed by Russia for Ukrainian goods and disruptions in logistics in Donbas were the essential reasons for low growth.

Population (without Crimea): 42.7 m
Industry/GDP: 19%
Agriculture/GDP: 10%
Investment/GDP: 14%
Exports to: Russia 18%, EU 32%
Imports from: Russia 23%, EU 39%

Real GDP growth



Source: Ukrstat

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Capital investments. Growth of capital investments accelerated to 17.5% yoy in the second quarter of 2016 from 0.7% yoy in the first quarter. Agriculture, manufacturing, production and supply of electricity and gas, wholesale trade and real estate sectors were the major contributors to growth. At the same time, investments declined in construction, extractive industry, retail trade, and telecommunication.

As usual, the biggest share of investments (71.2%) were financed by own funds of companies. Only 8.5% of investment was financed directly by bank loans due to the restricted access of most companies to credits. At the same time, share of public financing increased to 5.1% of total capital investments due to the implementation of several infrastructural projects.

Sectoral trends. Decline in industrial output decelerated to 0.2% yoy in July from 3.4% yoy in June. Improvements were attributed to better performance of extractive industry and metallurgy explained as the strike of railways in the occupied territory of Donbas stopped. In particular, metallurgy increased output by 4.3% yoy, while extraction of coal surged by 13.5% yoy. Manufacturing of coke and oil refinery products increased by 4.2% yoy, while chemical industry growth accelerated to 7.1% yoy primarily due to increase in domestic demand. Decline in food production at 3.8% yoy was likely attributed to somewhat lower demand and high statistical base. At the same time, machine building contracted by 11.5% yoy due to drop in production of locomotives and cars.

Construction growth in July accelerated to 12.9% yoy from 4.7% yoy in June due to strong growth of both residential and commercial construction. Residential construction increased by 13.7% yoy due to higher demand. Commercial property construction grew by 16.8% yoy as in part due to start of a number of large-scale projects. The Government also increased financing of infrastructural projects.

In July, growth of retail sales by enterprises continued at 4.5% yoy as compared to 5.0% yoy in June. The growth is likely explained by growth in real disposable income of households.

The Ukrstat publishes data excluding temporarily occupied territory of the Autonomous Republic of Crimea and Sevastopil and the part of the territory under anti-terrorist operation in the East.

Energy: Ukraine prepares for the winter season

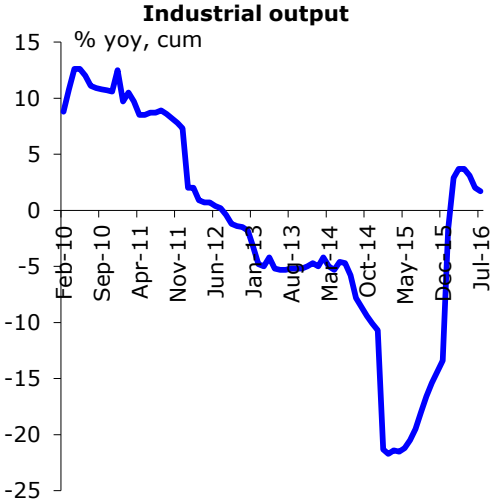
Gas. The Cabinet of Ministers requested the Naftogaz to accumulate 17 bn cubic meters (bcm) of gas in storages by November 1 (as compared to 12.7 bcm of gas in Ukrainian storages as of September 3). The European Commission welcomed the Government's decision and regards it as additional guarantees for smooth winter season. Funding for additional volumes of gas is expected to come from the World Bank in the form of USD 500 m loan. This plan may put the Naftogaz under time and capacity pressure as it has only two months to fulfil the requirements. The previous heating season started in Ukraine on October 30, 2015 with 17.06 bcm of gas in storages and ended on April 6, 2016 with 8.44 bcm of gas.

Gas transit. Ukrainian Ukrtransgaz informed that Russian Gasprom does not maintain the required pressure in the gas pipeline for gas transit to Europe. The European Commission upon Ukraine's request sent a monitoring mission to Ukraine to gather information on possible technical problems, pressure levels etc. It is also going to ask Russia to allow a similar mission to Russia.

Coal. According to the preparation plan for the coming heating season of the Ministry of Energy, state thermal power stations have to accumulate 2.8 m t of coal by November 1 as compared to 0.95 m t of coal in storage as of September 4. Taking into account the time constraint this plan seems realistic only under condition of steady supplies of coal from the occupied territory of Eastern Donbas.

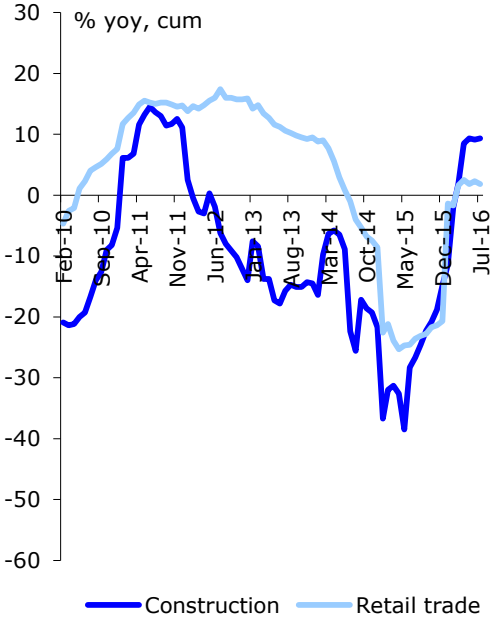
According to the Energy Minister, Ukraine experienced peak electricity consumption during June-August (8300 MWt compared to 7100 MWt in January) which together with decreased electricity production by

Industrial output



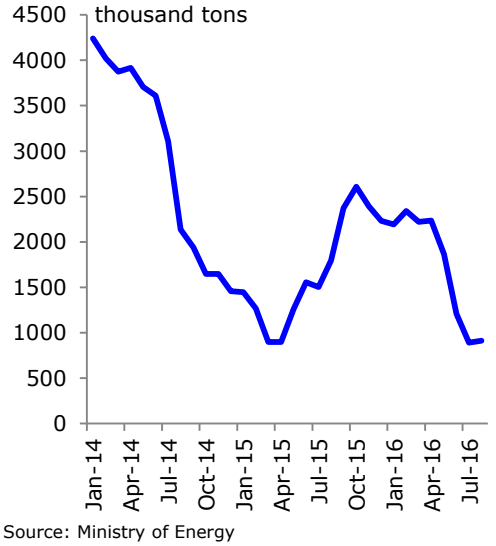
Note: Since April 2014 - data excludes Crimea
Source: Ukrstat

Real sector trends



Note: Since April 2014 - data excludes Crimea
Source: Ukrstat

Coal stocks at TPP



Source: Ministry of Energy

nuclear power plants caused increase in consumption of coal. As the situation with coal supplies from the occupied territory of Eastern Donbas is unstable, the Ministry plans to cover demand with coal imports. For September-October, state thermal power plants contracted about 0.3 m t of coal. At the same time, imports of fuel oil by electricity producers in January-July increased by 1.5 times as compared to the same period of last year to 167 200 t to compensate increased workload on coal and gas energy units.

Electricity. In September, the National Energy and Utilities Regulatory Commission (NERC) increased electricity tariffs for households by 25.3% to UAH 0.714 per KWh/month for consumption of up to 100 KWh, by 30.3% to UAH 1.29 for consumption of 100-600 KWh and by 5% to UAH 1.638 for consumption of over 600 KWh. This is the fourth planned increase of the tariff. The next and the last stage will be implemented in March 2017, when the tariff is estimated to reach the cost-covering level.

Agriculture: Good harvest is expected

Production. Gross agricultural production in July increased by 1.1% yoy. Favourable weather conditions contributed to increase in crop production. In particular, production of grains and leguminous crops increased by 10.6% yoy, production of potatoes and vegetables grew by 33.4% yoy and 4.7% yoy, respectively. Data on oilseeds harvest is not yet available.

Milk production decreased by 3.5% yoy mainly due to loss of Russian market and restricted transit of Ukrainian goods through Russia's territory to Middle East. Meat production increased by 2.6% yoy primarily as a result of increase in poultry production for export. Egg production decreased by 4.5% yoy among others due to Israel eggs export ban (in 2015 share of Israel in total volume of eggs export equalled 3.2%) and certification problems with the export of agricultural products to United Arab Emirates (30.1% of exports of eggs in 2015).

Trade. First delivery of milk products to the EU happened in August: 20 tons of skimmed milk powder was exported to Poland. This is the first instance of usage of milk product quotas envisaged in the Association Agreement with the EU.

In January-August of 2016 Ukrainian export of honey, sugar, cereals, flour, processed tomatoes, apple and grape juices, oats, wheat and wheat products, as well as corn and corn products to EU exceeded 2016 quotas. Ukrainian producers and the Ministry of Agricultural Policy and Food representatives declared their readiness to initiate the revision of the size of tariff free quotas. This initiative did not receive support from the EU side.

At the end of July, Russia banned the import of animal fodder from Ukraine on the pretext that traces of GMO were found in it. With the same justification, Russia already banned imports of animal fodder from all EU countries in May 2016. Most likely this will not cause significant problems for Ukrainian exporters as in 2015 share of Russia in exports of animal fodder equaled only 0.3%.

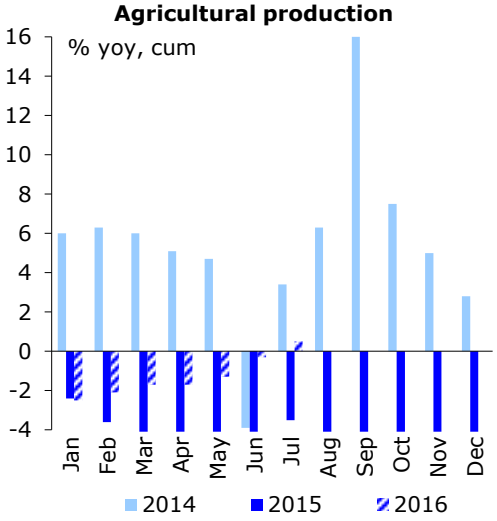
However, Ukraine will be hurt by the decision of Egypt to ban any wheat delivery containing any traces of the ergot fungus (the internationally accepted level is 0.05%). Egypt is one of the largest importers of Ukrainian wheat (13.9% of Ukrainian wheat export in 2015).

Policy. In July, the State Service for Geodesy, Cartography and Cadastre was transferred from the Ministry of Regional Development to the Ministry of Agricultural Policy and Food (MAPF). The former head of the service became the deputy Minister of MAPF. This change that is expected to facilitate coordination of agriculture land administration and rural development policies.

External sector: Current account in deficit, financial account in surplus

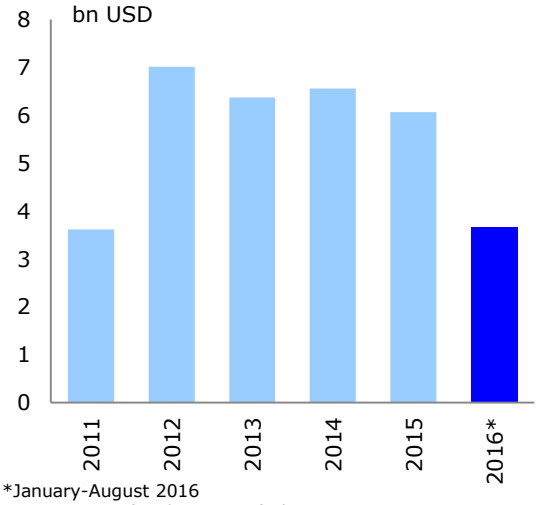
Current account. Current account in July was in deficit at USD 0.4 bn as compared to balanced current account in July 2015

Agricultural production



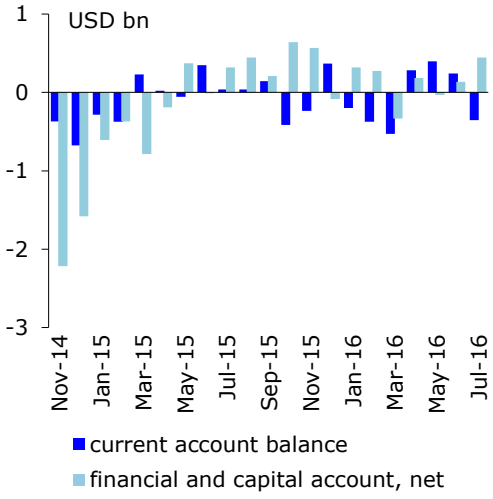
Source: Ukrstat

Grains export



*January-August 2016
Source: State fiscal service of Ukraine

Balance of payments



Source: NBU preliminary estimates

due to higher deficit of merchandise trade (USD 0.2 bn in July 2015 to USD 0.6 bn in July 2016). In particular, exports contracted further, while imports slightly recovered. Net inflow of primary income was close to zero (as compared to deficit at USD 0.1 bn in July 2015) as Ukraine liberalized repayment of dividends. Net inflow of secondary income remained at USD 0.2 bn.

Decline in merchandise exports slightly accelerated to 10.1% yoy (as compared to 8.3% yoy in June). Drop of machinery exports accelerated to 24.8% yoy as Ukraine already fulfilled current obligations for sale of locomotives to Turkmenistan and engines to India. Decline in exports of metals accelerated to 14.6% yoy due to statistical base effect and disruptions in supplies, which exceeded positive effects from higher demand in Asia and higher world prices. Minerals exports declined by 17.8% yoy (as compared to 27.2% yoy in June) as prices for iron ore increased in July. Exports of food decreased by 1.2% yoy as a result of lower prices and attempt of coup d'état in Turkey, which complicated the passage of the Bosphorus. Smaller contraction of exports of chemicals (at 6.4% yoy as compared to 39.5% yoy in June) was explained by episodic shipments of Uranus to Russia. Exports of services decreased by 3.1% yoy.

Imports in goods increased by 1.4% yoy (as compared to drop at 2.4% yoy in June). Decline in minerals imports decelerated to 27.9% yoy due to recovery of gas imports from the EU and oil imports from Russia. Increase in non-energy imports decelerated to 11.3% yoy (as compared to 16.0% yoy in June) mainly due to lower imports of machinery (less passenger cars, but more agricultural machines). Imports of services increased by 4.2%

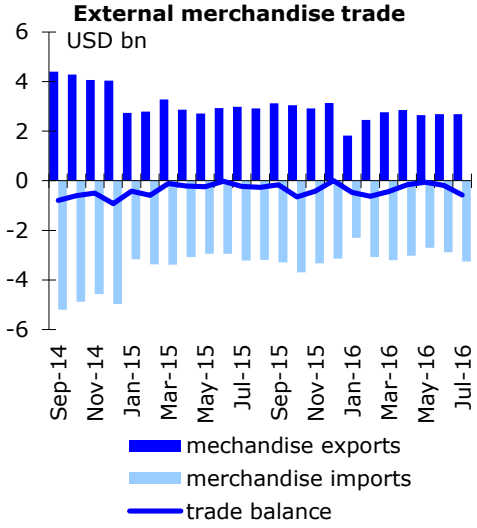
Financial account. Financial account surplus in July remained at USD 0.4 bn (as compared to USD 0.4 bn in June 2015). Net inflow of FDI was at USD 0.3 bn, 74% of which were allocated to bank recapitalization on the request of the NBU. The Government sector still did not attract external financing, but repaid some outstanding debt. Net investment position of banks decreased by USD 0.5 bn mainly due to repayment of USD 0.4 bn of external obligations. Real sector was able to attract USD 0.2 bn of net external financing. Foreign cash outside banks shrunk by another USD 0.6 bn as hryvnia remains stable.

Fiscal policy: The NBU still has not transferred profit

Revenues. According to the preliminary information of the State Treasury, consolidated fiscal revenues August grew by about 26.5% yoy after declining at 6.3% yoy in July. This reflects uneven VAT refund schedule and changes in corporate income tax payment schedule. The NBU was still not able to transfer the profits to the budget as the NBU council was not formed and could not approve 2015 financial statement of the NBU (the President has not yet appointed his representatives to the Council). Rent payments remained much lower than target likely due to over-optimistic plan and poor administration. Growth of consolidated fiscal revenues in August was primarily attributed to increase in collection of PIT, VAT from both domestically produced and imported goods, as well as excise duty.

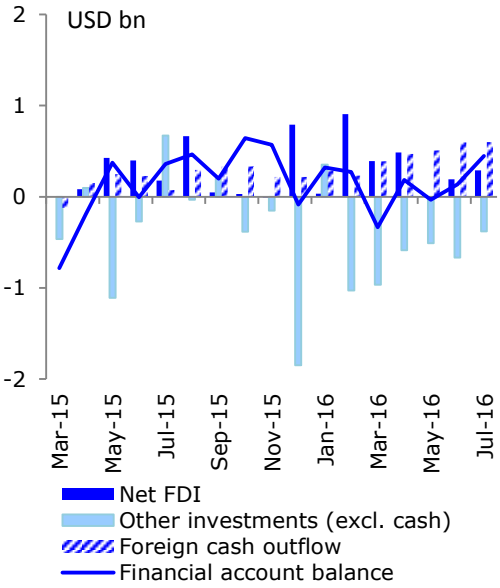
Expenditures. Consolidated fiscal expenditures in July increased by 20.3% yoy (19.0% yoy in June). Spending on wages (net of payroll taxes) grew by 38.2% yoy due to increase in salaries to public employees and civil servants (in September and December of 2015 and in May 2016). At the same time, spending on payroll taxes declined by 14.8% yoy due to cut of single social contribution (SSC). Expenditures on purchase of goods and services increased by 8.8% yoy due to higher spending on utility payments (primarily, electricity), medicine and medical products, services (different from utility services). Spending for materials, appliances and equipment declined by 1.2% yoy, probably in part due to the introduction of e-procurements through the system ProZorro (according to the Ministry of Economic Development and Trade, the ProZorro has already allowed to save more than UAH 3.0 bn since start of its operation in

External merchandise trade



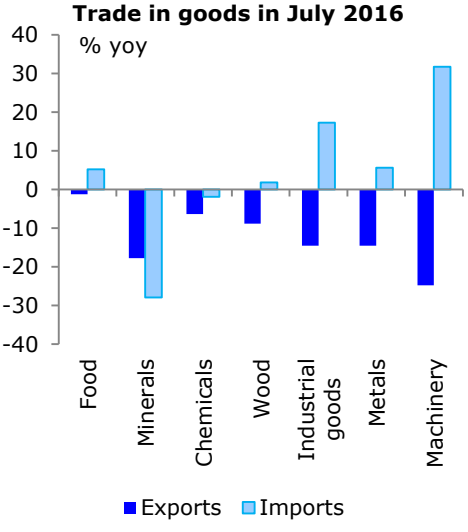
Source: NBU preliminary estimates

Financial account



Source: NBU

Trade in goods in July 2016



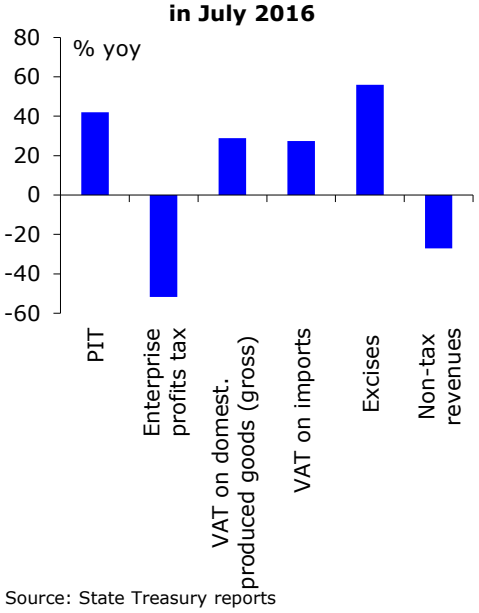
Source: NBU preliminary estimates

February 2015). Spending on debt servicing declined by 33.1% yoy due to debt restructuring and partially due to the substitution of more expensive debt by cheaper one. At the same time, the Government had to increase financing of social protection items (by 64.8%yoy) due to higher spending on housing and utility subsidies and larger transfer to the Pension Fund to compensate for lost revenues due to drop in SSC rate. Capital fiscal outlays grew by 46.9% yoy.

Deficit. Consolidated fiscal deficit reached UAH 22.9 bn in the first seven months of the year (UAH 11.3 bn in the first half of the year). Central fiscal deficit surged to UAH 50.0 bn. At the same time, local government entities were in surplus and as in previous year did not spent accumulated funds partially due to necessity to approve changes into their budgets.

Tax reform. The Ministry of Finance published draft Tax Code amendments, which are currently going through the discussion. The Government does not suggest any changes in major tax rates. The planned elimination of special VAT scheme for agriculture is to be enforced. At the same time, the Ministry plans to make tax administration simpler and fairer.

Growth of Consolidated fiscal revenues in July 2016



Source: State Treasury reports

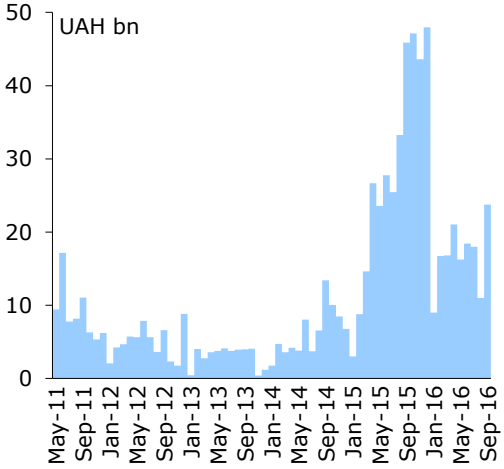
Privatization: The list of companies for sale was extended

On August 31, the Government extended the list of companies that at to be privatised in 2016-2017. The list now envisages the privatisation of 75.2% stake in Turboatom (one of the largest turbine producer in the world), 51% stake in Zaporizhzhia Titanium & Magnesium Combine (large manufacturer of the titanium products), and "Agrarian fund" (the leading state operator of the agrarian sector in Ukraine). At the same time, the Government excluded from the plan more than 100 companies that are already privatised or are allocated in the ATO-zone.

Already, on September 5, the Draft Law aimed to prohibit the privatization of the Turboatom was registered in the Parliament. It is likely to be approved taking into account the name of authors. Overall, the sale of the company is not really justified because of its strategic role and high profits. In particular, the company received UAH 0,43 bn profit in the first half of 2016 (although 48.6% lower than in the same period of 2015). This company produces products with high value added. Moreover, the efficient privatisation of this company at time of high economic and political uncertainty is not likely.

Overall, the chances that the Government fulfils the privatisation plan this year are negligible taking into account failed privatisation of the Odesa Port Plant (OPP) in July. Currently, the Government is considering the possibility to announce new auction for the sale of the company but at lower initial price. However, it still remains unclear whether the price was the main reason for the absence of the buyers. The likely reason were two disputes related to the company, bad financial situation, and need for investments.

Balance of the Single Treasury Account



* in the beginning of month
Source: State Treasury

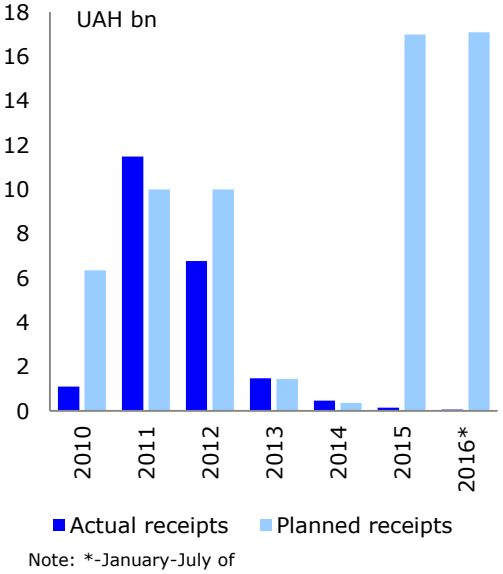
Social policy: Verification of payments to IDPs is on-going

As of September 5, the Ministry of Labour and Social Policy (MLSP) reported 1.7 m individuals or 1.4 m families from Donbas and Crimea registered as IDPs (which is close to numbers of January 2016). 976 934 families applied for the special cash assistance and 900 493 of them received it.

Overall, from the beginning of the year the financing of this assistance to IPDs reached UAH 2.2 bn, while total financing of this program in 2015 was at UAH 3.3 bn. Some saving of funds was ensured by conducted verification of payments to IDPs, which is conducted by the Ministry of Finance.

In addition, since July 2016, an IDP should appear at the Oschadbank personally to receive a banking card; otherwise, the payment is terminated. As a result, the Oschadbank (through which all IDP

Privatisation receipts



Note: *-January-July of
Source: SPFU

payments are routed) has already terminated the payment to over 50 000 IDPs.

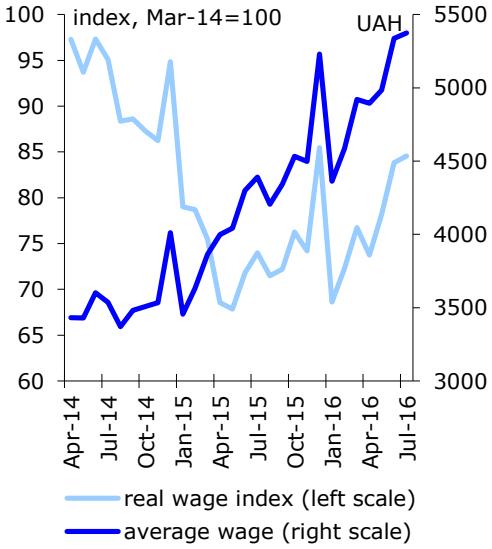
Labour market: Real wage continues to grow

Average nominal wage in July grew by 22.4% yoy to UAH 5374 due to increase in minimum wage, indexation for inflation, and increase of salaries in public sectors and state administration. Growth of real wage accelerated to 14.8% yoy partially due to the slowdown of inflation.

Nominal wage in industry increased by 19.9% yoy due to minimum wage increase (at 19.0%). As previously, wage growth was weaker in extractive industry in comparison to manufacturing industry (at 16.8% yoy and 19.7% yoy, respectively) due to financial problems in coal sector. Wage growth was above the average level in textile industry (at 24.7% yoy) and pharmaceutical industry (at 26.9% yoy) most likely due to imports substitution. Wage in electricity and gas supply sector increased by 27.1% yoy.

Wages increased by 25.9% yoy in education and by 28.3% yoy in healthcare due to the increase in salaries along the unified tariff scale. Wages in state administration and defense grew by 36.2% yoy as the Cabinet of Ministers increased base salaries of civil servants since May 1.

Average wage*



*not including AR Crimea
Source: Ukrstat

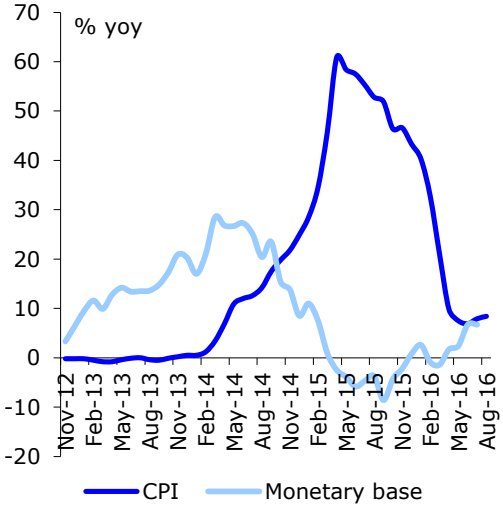
Monetary policy: Summer of falling prices

Headline CPI declined by 0.3% mom in August for the third month in a row. In total, CPI was by 0.7% lower in August than in May. Food price index declined by 2.5% over summer due to seasonal decrease in vegetable prices by 35% as well as lower prices for other unprocessed food including milk, fruit and sugar. Prices for most other food products increased only slightly. This reflected falling global grain prices and good harvest in Ukraine. Regulated prices mostly increased with tobacco prices gaining 10.7% and hot water and heating prices increasing by 8.3% over summer.

Core inflation was also negative at 0.3% mom in August with core CPI declining by 0.8% over summer. This reflected 8.5% seasonal decrease in prices for clothing and footwear. However, prices for the rest of the core CPI basket increased on average by less than 1% over three months of summer.

In August, the NBU did not hold a policy meeting (with the next meeting scheduled on September 15), and, thus, the NBU discount rate remained at 15.5% p.a. As policy rate was reduced consequently on four previous policy meetings liquidity invested in NBU CDs declined significantly over August. This and lower inflation expectations likely helped bank deposit and lending rates to move down gradually. Index of 12-month retail deposit rates declined to 18.6% p.a. on average in August (from 19.0% p.a. in July and 20.4% p.a. in April). Interest rates on corporate loans also decreased in August. Overall, lower inflation and less tight monetary policy had moderate downward impact on bank interest rates but low creditworthiness of borrowers and high share of non-performing loans in bank assets limit potential for more lending.

CPI and monetary base development



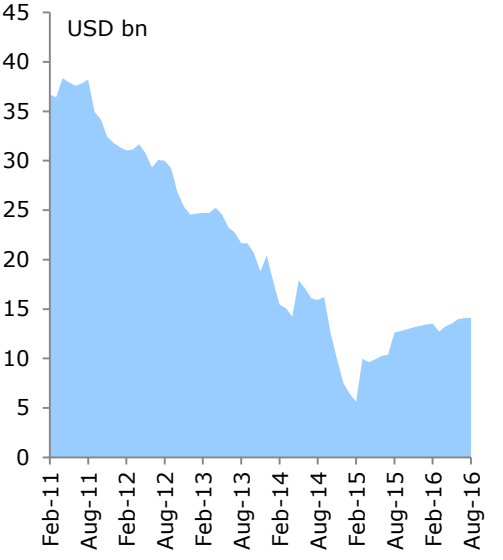
Source: Ukrstat, NBU

Exchange rate: Autumn nears in August

Interbank exchange rate moved from UAH 24.8 per USD in the beginning of August to over UAH 25 per USD in the last decade of August and exceeded UAH 26 on August 31. This likely reflected seasonal increase in imports including higher gas imports as well as somewhat stronger depreciation expectations. Sales of cash foreign currency to banks dropped from USD 0.39 bn to USD 0.24 bn. In response, the NBU stopped purchases of foreign currency and conducted first sale of US dollars since March. However, net sales of foreign currency by the NBU in August amounted to only USD 13 m.

Sharp fall of imports over the last three years and moderate decline in agricultural exports (in dollar terms) may mean that seasonal increase in agricultural exports may offset large part of seasonal increase in imports and lead to lower exchange rate volatility. Successful completion of the long-delayed second review of the IMF

NBU international reserves



Source: NBU

Program may help calm depreciation expectations. International reserves remained at USD 14.1 bn in August as net government flows in foreign currency were close to zero. The NBU estimated that this is sufficient to fund 3.6 months of imports.

State debt: State debt slightly decreased in July

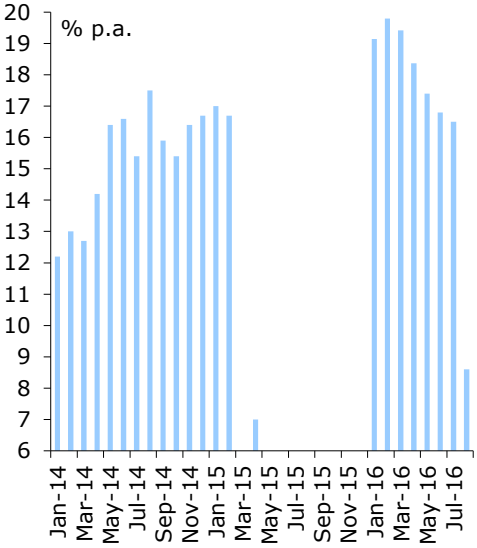
Debt. According to the Ministry of Finance, state debt in July decreased by 0.4% in hryvnia equivalent as compared to June to UAH 1 661 bn (or by 0.2% in the US dollar equivalent to USD 67.0 bn). It is explained by repayment of domestic bonds, which exceeded new borrowings.

The state debt grew by 5.7% in hryvnia equivalent or 2.3% in US dollar equivalent since the beginning of the year. It increased as new placed domestic state bonds (including special issues of bonds for the recapitalization of UAH 14.3 bn) exceeded debt repayments. At the same time, external borrowings were limited as Ukraine failed to fulfill commitments to receive the next tranch of IMF loan. Still, the Ministry of Financed issued derivatives related to 2015 sovereign debt restructuring.

Domestic debt. In August, the Ministry of Finance placed UAH 4.7 bn of state domestic bonds with weighted average yield at 8.6% p.a. as compared to UAH 3.5 bn at 16.5% p.a. in July. Decline in average bond yield is primarily explained by easing monetary policy and the placement of UAH/USD indexed bond with a seven-year maturity at lower interest rate (6.5% p.a.). Last time indexed bonds were placed in the end of 2014 (UAH 3.5 bn of ten-year bonds at 6% p.a.) Besides, the Government issued USD 368 m of two-year USD-denominated bonds with yields at 6.7% p.a. compared to USD 98 m at 7.2% p.a. in previous month.

Meanwhile, on August 10, the Ministry of Finance repaid UAH/USD indexed bonds issued five year ago. Next maturity date for such bonds is expected on 28 September.

Weighted average yield for domestic state bonds



Source: NBU

Tables

		Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Industrial production (real)	% yoy cum.	-8.0	-10.1	-20.5	-20.0	-16.1	-13.0	-1.7	-16.1	-14.9	-14.0	-13.0	-1.7	2.9	3.7	3.7	3.1	2.0	1.7	…
Construction (real)	% yoy cum.	-16.4	-20.4	-29.7	-26.2	-20.9	-12.3	1.9	-20.9	-18.9	-17.3	-12.3	-11.4	-2.0	1.9	8.5	9.3	9.1	9.3	…
Agricultural production (real)	% yoy cum.	16.0	2.2	-4.7	-9.3	-5.3	-4.8	-1.7	-5.3	-4.4	-4.7	-4.8	-2.5	-2.1	-1.7	-1.7	-1.3	-0.3	0.5	…
Retail trade turnover (real)	% yoy cum.	-5.3	-7.5	-23.9	-24.6	-22.3	-20.7	1.6	-22.3	-21.7	-21.4	-20.7	-1.4	-1.7	1.6	2.5	1.8	2.3	1.8	…
Average wage	UAH	3463	3508	3650	4113	4313	4753	4622	4343	4532	4498	5230	4362	4585	4920	4895	4984	5337	5374	…
CPI	% yoy eop	17.5	21.8	45.8	57.5	51.9	43.3	20.9	51.9	46.4	46.6	43.3	40.3	32.7	20.9	9.8	7.5	6.9	7.9	8.4
PPI	% yoy eop	26.9	32.8	51.7	37.9	32.5	25.4	10.5	32.5	30.2	25.1	25.4	21.2	17.4	10.5	10.1	16.4	15.7	18.3	18.9
Exports (USD)*	% yoy cum.	-16.4	-19.9	-31.4	-32.2	-29.8	-27.0	-16.4	-29.8	-28.9	-28.1	-27.0	-30.0	-18.6	-16.4	-12.3	-10.3	-9.7	-9.5	…
Imports (USD)*	% yoy cum.	-24.8	-28.1	-33.1	-34.2	-31.8	-29.3	-10.9	-31.8	-30.4	-29.5	-29.3	-22.9	-14.0	-10.9	-8.3	-7.3	-6.2	-5.0	…
Trade balance	USD bn cum.	-3.0	-4.6	-0.6	-0.6	-1.0	-1.7	-1.6	-1.0	-1.5	-1.8	-1.7	-0.4	-1.1	-1.6	-1.7	-1.3	-2.0	-2.5	…
Current account**	USD bn cum.	-1.2	-2.6	-0.4	-0.1	0.1	-0.2	-1.0	0.1	-0.3	-0.5	-0.2	-0.3	-0.5	-1.0	-0.6	-0.4	-0.2	-0.5	…
Gross international reserves	USD bn eop	16.4	7.5	10.0	10.3	12.8	13.3	12.7	12.8	13.0	13.1	13.3	13.4	13.5	12.7	13.2	13.5	14.0	14.1	14.1
Monetary Base	% yoy eop	23.5	13.8	0.9	-5.9	-8.6	0.8	-1.4	-8.6	-4.3	-2.2	0.8	2.6	-0.9	-1.4	1.7	2.4	6.7	6.7	…
Lending rate on UAH credits	% pa, aop	16.4	16.4	19.9	23.1	21.1	20.7	20.0	21.0	20.9	20.7	20.4	20.0	19.8	20.3	20.9	21.1	20.6	18.0	…
Exchange rate (interbank)	USD aop	12.58	13.56	21.23	21.56	21.74	22.90	25.69	21.79	21.94	23.33	23.42	24.32	26.45	26.30	25.54	25.21	24.93	24.82	25.14
Exchange rate (official)	USD aop	12.58	13.56	21.18	21.62	21.69	22.33	25.68	21.78	21.84	23.31	21.84	24.26	26.39	26.39	25.63	25.21	24.95	24.82	25.65
Exchange rate (official)	EUR aop	16.67	17.21	23.88	23.88	24.11	24.62	28.34	24.46	24.56	25.07	24.23	26.35	29.33	29.33	29.06	28.50	28.09	27.49	28.65

Sources: Ukrstat, NBU, own calculations

* Trade in goods and services

** Monthly data are according to the preliminary estimates provided by the NBU

Key Economic Indicators		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010[c]	2011[c]	2012[c]	2013[c]	2014[c]	2015[c]
Nominal GDP	UAH bn	170.1	204.2	225.8	267.3	345.1	441.5	544.2	720.7	948.1	913.3	1079.3	1300.0	1404.7	1465.2	1568.9	1979.5
Nominal GDP	USD bn	31.3	38.0	42.4	50.1	64.9	86.2	107.8	142.7	179.9	117.2	136.0	163.1	175.8	183.3	132.2	90.6
GDP growth (real)	% yoy	5.9	9.2	5.2	9.6	12.1	2.7	7.3	7.9	2.3	-14.8	4.1	5.5	0.2	0.0	-6.6	-9.9
Industrial production	% yoy	13.2	14.2	7.0	15.8	12.5	3.1	6.2	7.1	-5.0	-20.6	12.2	8.0	-0.7	-4.3	-10.1	-13.0
Agricultural production	% yoy	9.8	10.2	1.2	-11.0	19.7	-0.1	0.4	-5.2	17.5	0.1	-1.4	20.2	-3.9	13.6	2.2	-4.8
CPI	% yoy aop	28.2	12.0	0.8	5.2	9.0	13.5	9.1	12.8	25.2	15.9	9.4	8.0	0.6	-0.3	12.1	48.7
CPI	% yoy eop	25.8	6.1	-0.6	8.2	12.3	10.3	11.6	16.6	22.3	12.3	9.1	4.6	-0.2	0.5	24.9	43.3
PPI	% yoy aop	20.9	8.6	3.1	7.6	20.5	16.7	9.6	19.5	35.5	6.5	20.9	19.0	3.7	-0.1	17.1	36.0
PPI	% yoy eop	20.8	0.9	5.7	11.1	24.1	9.5	14.1	23.3	23.0	14.3	18.7	14.2	0.3	1.7	31.8	25.4
Exports (gs, USD)	% yoy	17.9	9.5	10.7	24.0	42.6	7.5	13.4	27.0	34.3	-36.9	26.0	27.5	3.4	-5.5	-19.9	-27.0
Imports (gs, USD)	% yoy	18.9	14.1	4.9	28.7	31.3	20.4	22.6	35.232	39.3	-44.2	28.8	34.8	7.5	-3.5	-28.1	-29.3
Current account	USD bn	1.5	1.4	3.1	2.9	6.9	2.5	-1.6	-5.3	-12.8	-1.7	-3.0	-10.2	-14.3	-16.5	-4.6	-0.2
Current account	% GDP	4.8	3.7	7.3	5.8	10.6	2.9	-1.5	-3.7	-7.1	-1.5	-2.2	-6.3	-8.2	-9.0	-3.5	-0.2
FDI (net)	USD bn	0.6	0.8	0.7	1.4	1.7	7.5	5.7	9.218	9.9	4.7	5.8	7.0	7.2	4.1	0.3	3.0
International reserves	USD bn	1.5	3.1	4.4	6.9	9.7	19.4	22.4	32.5	31.5	26.5	36.7	31.8	31.4	20.4	7.5	13.3
Fiscal balance'''	% GDP	-0.7	-1.9	0.8	-0.2	-3.0	-1.9	-0.7	-1.1	-1.5	-2.4	-6.0	-1.8	-3.6	-4.4	-4.6	-1.6
Total state debt	% GDP eop	45.3	36.5	33.5	29.0	24.7	17.7	14.8	12.5	19.9	33.0	40.0	36.0	37.5	39.9	69.4	79.4
External state debt (total)	% GDP eop	33.0	26.3	24.1	21.4	18.6	13.4	11.7	9.8	15.0	21.5	25.6	22.8	22.1	20.5	38.5	52.7
Monetary base	% yoy eop	39.9	37.4	33.6	30.1	34.1	53.9	17.5	46.0	31.5	4.4	15.8	6.3	6.4	20.3	8.5	0.8
Exchange rate	USD aop	5.44	5.37	5.33	5.33	5.32	5.12	5.05	5.05	5.27	7.79	7.94	7.97	7.99	7.99	11.87	21.84
Exchange rate	USD eop	5.44	5.30	5.33	5.33	5.31	5.05	5.05	5.05	7.70	7.98	7.96	7.99	7.99	7.99	15.77	24.00
Exchange rate	EUR aop	5.03	4.81	5.03	6.02	6.61	6.39	6.34	6.92	7.71	10.87	10.53	11.09	10.27	10.61	15.72	24.23
Exchange rate	EUR eop	5.10	4.67	5.53	6.66	7.22	5.97	6.65	7.42	10.86	11.68	10.57	10.54	10.30	11.04	19.26	26.22

Sources: Ukrstat, NBU, Ministry of Finance, own calculations

''' "Minus" denotes a consolidated fiscal deficit; without recapitalisation

[c] Data excludes Crimea where available

Notes:

avg	average	**ytd**	year-to-date	**NBU**	National Bank of Ukraine
cum	cumulative	**p.a.**	per annum	**EPT**	Enterprise profit tax
mom	month on month change	**eop**	end of the period	**VAT**	Value added tax
qoq	quarter on quarter change	**aop**	average of the period	**Ukrstat**	State Statistics Service of Ukraine
yoy	year-on-year change	**gs**	goods and services		

Quarterly trends

National accounts		Q4 10	Q1 11	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14[c]	Q2 14[c]	Q3 14[c]	Q4 14[c]	Q1 15[c]	Q2 15[c]	Q3 15[c]	Q4 15[c]	Q1 16
GDP	UAH bn	306.3	258.6	310.3	368.5	362.6	292.3	346.0	387.1	379.2	303.8	354.8	398.0	408.6	316.9	382.4	440.5	447.1	375.5	455.2	563.9	584.8	453.2
GDP (real)	% yoy	3.7	5.5	4.4	6.7	5.1	2.4	3.0	-1.3	-2.4	-1.3	-1.2	-1.1	3.4	-1.0	-4.3	-5.3	-14.4	-17.0	-14.7	-7.2	-1.4	0.1
Household consumption (real)	% yoy	12.8	13.6	14.9	15.9	18.0	7.1	11.8	10.2	4.9	5.9	8.7	6.8	6.3	3.3	-7.8	-13.9	-12.2	-20.7	-28.1	-19.3	-13.0	-2.2
State consumption (real)	% yoy	10.0	2.0	3.4	-9.4	-6.4	3.5	5.0	9.7	1.1	2.0	-0.9	-1.5	-2.9	-5.9	5.2	0.1	4.5	2.7	-5.9	-1.7	8.1	0.1
Gross fixed capital formation (real)	% yoy	10.5	-3.4	4.1	17.8	10.8	15.3	18.7	-2.9	-2.1	6.1	-18.1	-8.9	-8.7	-19.9	-19.3	-28.0	-26.5	-22.8	-13.8	-6.3	1.4	4.2
Exports of goods and services (real)	% yoy	0.9	17.6	2.7	-1.0	-5.5	-7.4	-6.3	-1.8	-7.2	-7.4	-13.5	-6.8	-4.5	-5.1	-2.3	-16.8	-31.1	-26.1	-22.1	-10.8	-5.8	-3.8
Imports of goods and services (real)	% yoy	13.2	35.2	20.2	10.4	3.5	-2.9	11.9	6.6	-0.2	1.3	-15.7	1.7	-0.6	-11.8	-10.9	-32.3	-29.6	-19.8	-32.1	-18.2	-17.3	-7.2
Agriculture, hunting, forestry (real)*	% yoy	0.9	3.5	0.4	18.1	35.6	0.4	11.4	-8.0	-3.5	5.7	21.7	-2.8	36.5	5.7	-9.1	25.6	-20.6	-4.7	-11.8	-3.8	-3.6	-1.6
Manufacturing industry (real)*	% yoy	7.6	8.0	3.9	7.5	-4.2	2.5	0.5	-4.9	-6.6	-9.3	-9.9	-10.6	-9.8	-3.2	-5.4	-12.7	-13.2	-24.4	-20.7	-7.9	-0.2	6.9
Construction (real)*	% yoy	3.9	1.0	5.3	-7.7	-1.5	-4.9	1.7	-14.3	-18.7	-16.1	-19.4	-8.0	-4.4	4.7	-14.0	-26.3	-30.8	-30.4	-24.2	-9.1	10.8	6.8
Trade, repair services (real)*	% yoy	4.7	10.4	3.3	8.3	4.2	2.1	3.4	-0.5	-2.0	0.2	-1.2	0.9	0.9	-3.0	-7.2	-18.4	-26.6	-25.0	-19.8	-13.6	-6.1	3.7
Transport (real)*	% yoy	0.1	16.0	12.1	10.4	13.2	-2.6	-3.2	-8.3	-10.5	-1.7	-0.8	1.3	2.7	-7.8	-10.9	-10.1	-11.0	-8.2	-2.3	-0.2	4.9	5.4
Balance of payments (BPM6)																							
Current account balance	USD bn	-2.5	-1.6	-1.7	-2.6	-4.3	-1.9	-3.7	-3.9	-4.8	-3.2	-2.3	-6.0	-5.0	-1.3	-0.8	-1.2	-1.4	-0.4	0.3	0.2	-0.3	-1.1
Current account balance	% of GDP	-6.5	-4.9	-4.4	-5.6	-9.6	-5.2	-8.5	-8.1	-10.1	-8.4	-5.1	-12.1	-9.8	-3.5	-2.5	-3.3	-6.7	-2.4	1.5	0.9	-1.1	-6.2
Trade balance in goods	USD m	-3903	-3951	-3211	-5098	-5771	-4292	-5818	-5503	-6233	-4635	-3677	-7881	-5935	-2195	-1185	-1412	-2336	-1111	-470	-662	-1066	-1534
Trade balance in services	USD m	1148	1614	1882	2523	1867	1864	1697	2361	1578	1349	1504	2575	1066	937	443	456	686	555	388	278	397	263
Current transfers	USD m	842	1039	878	988	803	683	805	777	711	533	589	480	547	241	494	306	500	558	715	644	711	…
Direct investment (FDI)*	USD m	2170	880	2422	2090	1623	2012	1270	2037	1876	1082	496	1510	991	-665	-319	725	558	397	907	890	818	1334
Portfolio investments (equity)*	USD m	196	150	116	43	210	1	74	83	358	713	568	655	-756	-241	-49	-84	-17	141	10	13	13	11
Gross international reserves	USD bn	34.6	36.4	37.6	35.0	31.8	31.1	29.3	29.3	24.5	24.7	23.2	21.6	20.4	15.1	17.1	16.4	7.5	10.0	10.3	12.8	13.3	12.7
Exchange rate (interbank), UAH/USD	aop	7.96	7.95	7.98	7.99	8.01	8.03	8.04	8.09	8.11	8.11	8.14	8.15	8.21	9.14	11.71	12.58	13.56	21.23	21.26	21.74	22.90	25.69
Exchange rate (official), UAH/USD	aop	7.93	7.94	7.97	7.97	7.98	7.99	7.99	7.99	7.99	7.99	7.99	7.99	7.99	8.86	12.71	12.58	21.18	21.33	21.23	21.69	22.33	25.68
Fiscal indicators																							
Consolidated fiscal revenues	% of GDP	32.4	32.7	30.1	29.6	30.8	33.7	31.8	28.2	33.6	35.2	29.4	28.9	28.6	35.4	29.4	24.7	27.4	37.3	34.8	37.2	40.4	36.1
Personal income tax	% of GDP	4.8	5.0	4.8	4.2	4.7	5.1	4.9	4.5	5.0	5.3	5.1	4.6	4.8	5.1	4.7	4.2	5.0	5.5	5.3	5.6	6.6	6.3
Enterprise profits tax	% of GDP	4.2	4.5	4.6	3.6	4.4	4.9	4.1	2.9	4.2	6.1	3.4	3.0	3.0	4.9	2.5	1.9	1.5	4.4	1.7	1.5	1.7	3.6
Value-added tax	% of GDP	10.0	7.5	12.9	9.7	9.6	10.8	10.4	8.6	10.0	9.7	9.0	8.1	8.4	8.7	9.5	6.8	10.1	11.4	9.2	10.0	10.6	11.7
Excise tax	% of GDP	2.6	2.1	3.0	2.8	2.5	2.8	2.9	2.8	2.4	3.1	2.6	2.3	2.2	2.5	3.0	3.0	2.8	3.3	3.4	3.7	4.0	4.2
Consolidated fiscal expenditures	% of GDP	37.7	32.7	33.2	27.0	35.7	33.9	34.1	30.7	41.3	36.9	35.8	30.1	35.9	35.2	34.7	27.2	35.5	33.6	35.0	32.5	54.2	35.3
Current expenditures	% of GDP	32.9	31.4	30.8	24.0	30.2	31.9	31.6	27.8	37.3	35.6	33.9	28.2	33.2	34.8	33.7	25.8	33.6	31.8	33.7	29.9	49.2	34.4
Capital expenditures	% of GDP	4.8	1.3	2.4	3.0	5.6	1.9	2.5	2.9	4.0	1.3	1.9	1.9	2.8	0.5	1.0	1.4	1.9	1.7	1.3	2.6	5.0	0.9
Consolidated fiscal balance	% of GDP	-5.6	-0.3	-3.4	-3.9	-5.5	-0.2	-2.6	-3.0	-7.8	-1.9	-6.3	-1.5	-7.3	0.1	-5.3	-2.8	-8.8	3.7	-0.4	4.4	-13.9	0.9
Privatisation receipts	% of GDP	0.2	0.4	3.2	0.0	0.1	1.4	0.3	0.1	0.4	0.0	0.0	0.2	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Banking system																							
Monetary aggregate M0	% yoy cum	16.5	15.7	11.5	8.6	6.3	4.7	6.7	5.2	5.5	9.7	9.8	12.3	17.0	19.2	31.9	28.8	19.0	6.0	-1.3	-6.2	-0.1	-5.3
Monetary aggregate M2	% yoy cum	23.1	25.5	22.0	16.0	14.4	11.2	9.0	10.7	13.1	16.0	17.9	19.2	17.5	17.7	13.4	14.2	5.4	9.0	3.1	5.6	4.0	-1.7
Household deposits in national currency	% yoy cum	41.4	43.3	26.0	16.7	12.3	14.4	16.4	16.3	16.3	19.1	26.5	33.4	38.0	7.9	-2.3	-12.3	-22.1	-19.1	-17.7	-16.6	-1.0	4.3
Household deposits in foreign currency	% yoy cum	16.9	19.7	21.0	15.7	13.4	12.4	10.8	17.0	21.8	17.0	14.7	8.4	0.9	19.8	10.2	5.5	18.0	25.4	11.6	3.7	-2.4	-16.1
Com. bank credits in national currency	% yoy cum	11.2	16.0	18.5	21.1	21.0	17.4	15.3	9.1	7.7	8.6	7.4	10.2	16.9	12.3	4.9	-0.8	-9.1	-11.0	-11.8	-15.8	-20.8	-16.6
Com. bank credits in foreign currency	% yoy cum	-8.3	-2.1	0.9	-2.3	-4.2	-7.0	-10.8	-9.9	-7.3	-4.4	-0.4	0.8	2.8	36.4	38.5	49.1	53.5	58.4	29.2	18.7	15.9	-15.0
Long-term com. bank credits	% yoy cum	-0.5	5.0	6.3	5.3	2.9	-2.9	-7.0	-8.0	-6.6	-5.6	-2.7	-0.5	2.9	26.3	24.4	24.6	21.7	17.9	3.1	-5.7	-10.5	-18.1
Long-term com. bank credits	% of total	66.3	67.2	66.6	64.4	62.9	61.5	59.8	59.1	57.8	55.9	55.7	55.1	53.2	58.5	59.1	59.8	59.5	58.5	57.6	60.7	55.4	55.6
Average lending rate on national currency credits	% p.a.	15.0	13.1	13.5	14.1	18.4	15.5	15.6	19.5	20.8	16.2	15.3	15.3	16.5	18.4	17.5	16.4	16.6	19.9	23.1	21.1	20.7	20.0
Average lending rate on foreign currency credits	% p.a.	10.1	10.2	9.8	8.8	8.4	8.2	8.2	8.5	8.8	9.4	9.7	9.6	8.8	8.7	9.4	9.2	8.8	8.2	9.3	9.2	9.1	8.9

Sources: National Bank of Ukraine, State Committee of Statistics, State Treasury, Ministry of Finance, Reuters, IER estimates
* change in value added
[c] Data excludes Crimea, since 2015 data excludes pa

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